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Venezuela

Agricultural Situation

Consumption patterns, food inventories, and pasta and bread prices

2008

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Report Highlights:

According to news reports, the Government is recommending that consumers change their consumption patterns to fit the country's socialist economic model. Post provides informal summaries of recent news articles regarding these statements, plus estimated coffee and sugar inventories, and a reduction of pasta retail prices and wheat flour prices for bakers.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Caracas [VE1]
[VE]

The Government Recommend Consumption Changes

During the forum "Capitalism and the Consumer Society," the president of Indepabis (Institute for the Defense of Consumers in their Access for Goods and Services), Eduardo Saman recommended that within "XXI century socialism," consumption habits must be harmonious with the economic model that the Bolivarian Government is constructing.

Mr. Saman indicated that "a new doctrine about the Venezuelan's consumption behavior must be constructed, and this must be oriented to cover the basic needs of the population and not to the satisfaction of their desires originated by capitalistic external factors." "In the case of food consumption, habits have not been spontaneous but imposed, as a consequence of foreign influence in the country," he added.

Indepabis Assures Inventories Of Coffee And Sugar For Three Months

The president of Indepabis assured that there is enough coffee and sugar for three months, and at the same time he ratified that there are no shortages of any type in the country. He indicated that "the shortages reported by the private media are those related to certain products or brands, information that is used by some companies in order to press the government to increase prices."

Contrary to the Government's opinion that there is enough supply of coffee or blaming coffee hoarding by unscrupulous businesses, coffee has disappeared from many Venezuelan supermarkets shelves since the sector is facing a very complex problem, according to other sources. Business leaders say the problem is largely driven by strict price controls used by the government to contain inflation. Roasters are producing less than normal after the government last month hiked the regulated price they must pay farmers for beans without changing the retail price of ground coffee. Heavy rains and a smaller-than-expected harvest have exacerbated the problem.

Producers say they have 150,000 quintals of coffee beans stored but the industry does not want to buy it until the retail price for ground coffee has been reviewed. Rumors are that the government is studying an increase in the regulated price of ground coffee.

The Industry Has Promised To Lower Pasta Prices In 2009

The president of the Venezuelan Pasta Association announced a reduction of retail prices for pasta made out of wheat as a result of the fall of world wheat prices. During his speech at the Latin American Millers Association (ALIM) Annual Assembly, he assured that the adjustment percentage cannot be calculated right now. However it will be adjusted in the first quarter of 2009, when the millers start receiving wheat at a new price.

A Reduction In The Cost Of Flour Is Not Enough For Bakers

The president of the Venezuelan Bakers Association, Fevipan, said that a reduction of ten percent in the price of wheat flour helps to guarantee bread supply but it does not reduce all the production costs of the baking sector. Producing a kilogram of bread, French baguette type which is one of the most popular among Venezuelan consumers, currently costs 5.10 bolivars, while the regulated retail price is only 4.45 bolivars.

Source: El Nacional and El Universal Newspapers, dated November 13, 2008